

FINAL BILL REPORT

SHB 1806

C 106 L 05

Synopsis as Enacted

Brief Description: Encouraging the ethical transfer of technology for the economic benefit of the state.

Sponsors: By House Committee on State Government Operations & Accountability (originally sponsored by Representatives Kenney, Haigh, Kessler, Morrell, Dickerson, Williams, P. Sullivan, Ericks, Anderson, McDermott, Wood, Linville, Moeller and Hudgins; by request of Governor Gregoire).

House Committee on State Government Operations & Accountability
Senate Committee on Labor, Commerce, Research & Development

Background:

The Ethics in Public Service Act (State Ethics Act) prescribes ethical standards for state officers and state employees that might result in financial gain or conflict of interest.

Prohibited activities include:

- having any interest or business which is in conflict with state duties;
- having an interest, either direct or indirect, in a contract, sale, lease, purchase, or grant that is under the officer's or employee's supervision;
- participating in a transaction involving the state in his or her official capacity with a person of which the officer or employee is an officer, agent, employee, or member, or in which the officer or employee owns a beneficial interest;
- accepting employment which might reasonably require the disclosure of confidential information obtained through state employment;
- accepting any compensation or benefit from sources other than the state for the performance of state duties;
- accepting anything of economic value given to influence the performance of state duties; and
- using state resources for personal benefit.

Technology transfer is the process that turns university discoveries and inventions into products that benefit the public and strengthen the state's economy. As an idea moves from a university laboratory to a licensing arrangement with a private company and to commercial development and production, success often depends on the continued involvement of the original faculty inventor.

In 1996, the State Ethics Act was amended to allow officers and employees of higher education institutions and the Spokane Intercollegiate Research and Technology Institute (SIRTI) to receive economic benefit from a contract or grant. Institutions of higher education and SIRTI must have a written administrative process, in compliance with federal law, to

identify and manage, reduce, or eliminate conflicting interest in the transaction, and the state officer or employee must comply with the policy. The 1996 changes also allowed officers and employees of higher education institutions and SIRTl to serve as (1) an officer, agent, employee, or member, or on the board of directors, board of trustees, advisory board, or committee or review panel, of any nonprofit institute, foundation, or fundraising entity; and (2) a member of an advisory board, committee, or review panel for a governmental or other nonprofit entity.

Summary:

The State Ethics Act is amended, consistent with state policy, to encourage basic and applied scientific research. The universities may develop, adopt, and implement one or more written administrative processes that shall apply in place of the obligations imposed on the universities and university research employees under the following provisions of the State Ethics Act:

- financial interests in transactions;
- assisting in transactions;
- employment after public service;
- compensation for official duties or nonperformance;
- compensation for outside activities;
- honoraria;
- gifts;
- limitations on gifts; and
- use of persons, money, or property for private gain.

The universities must coordinate in the development of administrative processes to ensure the processes are comparable. University research employees who are in compliance with the administrative procedures are considered to be in compliance with the applicable ethics laws. The State Executive Ethics Board's authority is extended to enforce these policies.

The administrative processes developed relative to (1) financial interests in transactions, (2) compensation for official duties or nonperformance, (3) honoraria, (4) gifts, and (5) limitations on gifts must be consistent with and adhere to the current federal standards relating to promotion of objectivity in research.

The administrative processes developed pertaining to (1) assisting in transactions, (2) employment after public service, and (3) compensation for outside activities must include a comprehensive system for the disclosure, review, and approval of outside work activities by state university research employees while assuring that such employees are fulfilling their employment obligations to the state university.

The administrative processes developed with respect to use of persons, money, or property for private gain must include a reasonable determination of acceptable private uses having de minimus costs to the university and a method for establishing fair and reasonable reimbursement charges for private uses in excess of de minimus.

"University" is defined as the state universities and the regional universities and also includes SIRTI, the Washington Technology Center (WTC) and any other research or technology institute affiliated with a university. "University research employee" is defined as a state officer or state employee employed by a university to the extent that the officer or employee is engaged in research, technology transfer, approved consulting activities related to research and technology transfer, or other incidental activities.

Votes on Final Passage:

House	97	0
Senate	48	0

Effective: July 24, 2005